

# Exhibit D

# To Our Shareholders



**In light of the challenging conditions our industry faced in 2019, we delivered a solid performance; and we have taken many key actions to improve results in 2020 and beyond.**

At Mohawk, it's essential that we deliver the best possible returns for our shareholders. In light of the challenging conditions our industry faced in 2019, we delivered a solid performance; and we have taken many key actions to improve results in 2020 and beyond. During 2019, the economies in many of our regions softened, which impeded market growth. Heightened competition in those regions compressed industry pricing and margins. In the U.S., our largest market, we faced headwinds from shifting consumer preferences, pressure from ceramic imports fueled by the strong dollar and decreased production as we aligned capacity with demand in some flooring categories. Our industry has previously faced periods of market volatility and shifting consumer preferences, and we have always navigated through them to emerge stronger with a more competitive position. Even with these challenges, our cash generation remains robust, with 2019 operating and free cash flow at about \$1.4 billion and \$873 million, respectively. Between announcing our \$500 million stock purchase program in October 2018 and the end of 2019, we have invested approximately \$374 million of cash we generated to acquire about 3.1 million shares of our stock. Our leverage is approaching historical lows, which, combined with our cash generation, provides us with the flexibility to pursue additional opportunities.



## ESSENTIAL ACTIONS

To address evolving markets, we executed many actions during 2019 to increase sales and reduce costs, with our primary focuses being our luxury vinyl tile (LVT) production, our U.S. carpet business and our ceramic markets.

Our LVT manufacturing and sourcing strategies made meaningful progress during 2019, and should further improve this year. In the U.S., we increased the production and speeds of our LVT operations, and we implemented ongoing initiatives that will continue to improve formulations and throughput. Our U.S. production lines are now operating at similar speeds to our European LVT operations. The recent coronavirus outbreak has underscored the importance of having domestic LVT manufacturing capabilities versus relying totally on sourced materials. In Europe, our LVT sales grew as productivity significantly improved at our new operations. To further enhance our LVT plant performance, we are executing initiatives to improve throughput, lower material costs and reduce waste. In Europe, Australia and New Zealand, where LVT has not taken market share as rapidly as in the U.S., we are expanding our LVT offering through our company-owned distributors to broaden penetration in the specialty flooring retail channel.

We have largely completed the planned realignment of our U.S. carpet operations, which included closing three higher cost plants and consolidating other operations to streamline production and improve service. We are utilizing our investments in industry-leading manufacturing technology and employee training to deliver enhanced productivity with a smaller manufacturing footprint. This restructuring has been complemented by reducing the complexity of our operations, lowering costs through process improvements and increasing automation to enhance efficiencies. The cumulative effect of these actions should increase and flow through inventory with the full benefit in the third quarter of 2020.

Most of our ceramic markets faced a combination of soft demand and excess capacity, which is compressing industry prices and margins. In the U.S., we have decreased our ceramic production to align with market demand. After the U.S. announced anti-dumping and countervailing duties on ceramic tile imported from China, many distributors stockpiled inventory ahead of the price increase. In the fourth quarter of 2019, Chinese imports dropped substantially; and shipments from other countries did not offset the decline. We believe the lower import volume reflects softer demand in the U.S. market and a reduction of ceramic inventories in the industry supply chain. To improve our U.S. ceramic sales, we are adding sales representatives and design consultants in major markets and introducing multiple new products, including collections targeting imports. To increase productivity and reduce costs for our customers, we have simplified ordering processes and made it faster and easier to pick up orders at our service centers.

The southern European economies remain slow, impacting the region's primary ceramic markets and compressing industry pricing. Despite these challenges, we increased our volume in the region, with expanded participation in the commercial and outdoor product channels offsetting reduced demand in the larger retail remodeling channel. To extend our style leadership, we are introducing premium porcelain collections with surface structures aligned with the printed design, which creates more realistic visuals. New sizes and styles in our mid-priced offerings have been quickly embraced by the market and enhanced



our results. To optimize our cost and improve our competitive position, we continue to specialize our European ceramic facilities by product type, and we are improving service through our strategically positioned warehouses.

In Russia, we grew our ceramic sales despite a market that weakened as the year progressed. Our growth was driven by our unique business model that includes the industry's most comprehensive premium offering, a national distribution network, owned and franchised retail stores and the strongest commercial project specification organization in the industry. To support continued growth, we are starting up additional porcelain production to manufacture super large sizes and a new plant to produce coordinated premium sanitary ware.

In addition to these actions, we are introducing new design and performance innovations across all product categories to enhance our market positions and broaden our customer base. To promote both new and existing products, we are increasing our sales and marketing investments. We will continue to act aggressively to respond to evolving conditions in each of our markets. In the near term, we still anticipate continued pressure in our markets and product categories, although we expect that our 2019 actions will benefit our 2020 results. At this time, the coronavirus is spreading rapidly across most of our markets and is expected to have a significant impact. Currently, government policies are still being developed to reduce the outbreak and support economic recovery. We have established strategic teams at the corporate, segment and business levels to react to this changing environment. These teams are focusing on the safety of our people, essential short-term actions to minimize disruption and how to best position the business for the long term.

## ESSENTIAL NEW PRODUCTS

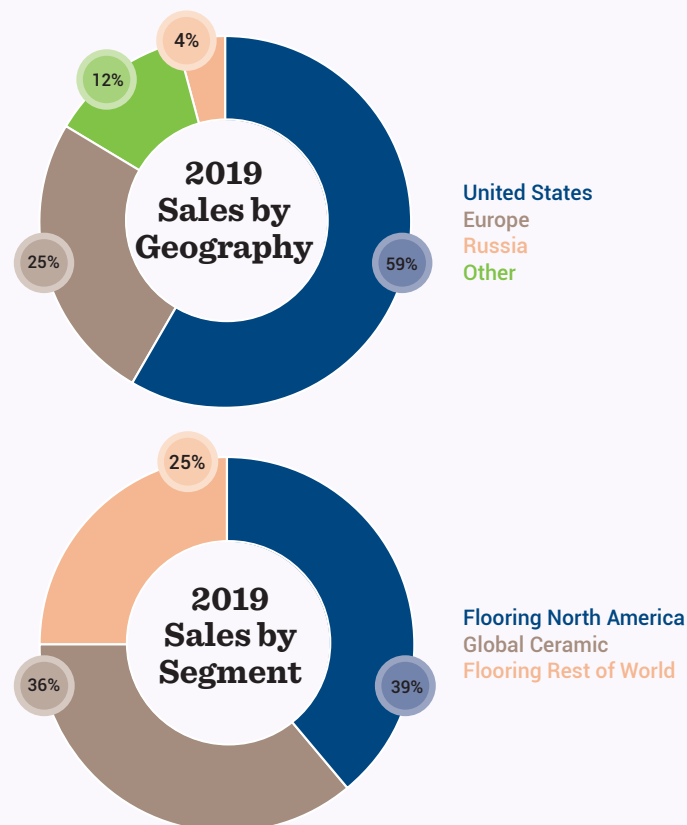
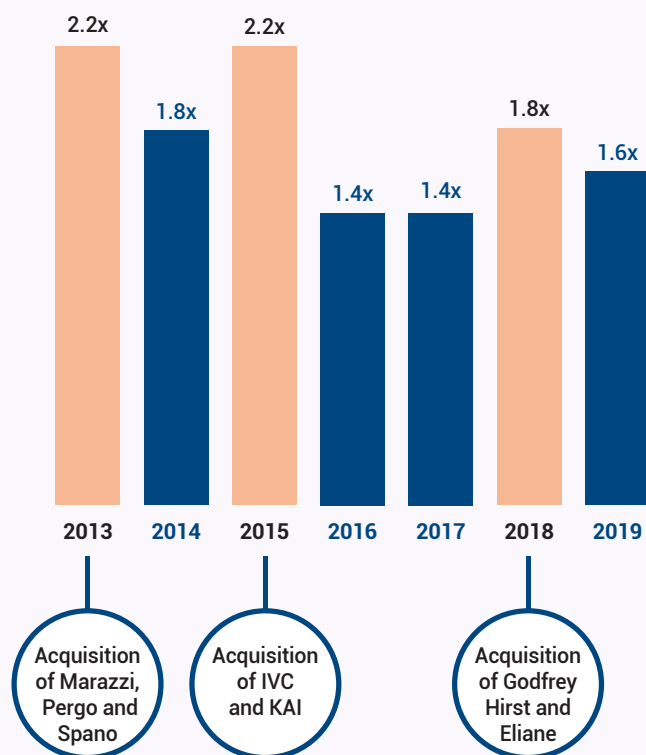
Mohawk's ongoing growth depends on delivering products with innovative design and performance that will drive consumer trends rather than responding to them. During the fourth quarter of 2019, we initiated U.S. manufacturing of our new Revo-Tile™ in multiple sizes and designs. This proprietary porcelain product clicks together

for faster and less expensive installation. It has been tested in both residential and commercial applications and received positive reviews, particularly because it can be walked on the same day it is installed. We formally launched Revo-Tile at our trade shows earlier this year, and we have already received commitments from major customers. Our ceramic innovation also includes 2-cm thick porcelain pavers as an alternative to stone in landscaping, and porcelain roof tiles that are being piloted in the U.S. Sales of our large porcelain slabs are growing in Europe, the U.S. and Russia, as specifiers use them for walls, floors and countertops.



QUICK-STEP SIGNATURE LAMINATE  
Natural Varnished Oak  
MARAZZI GRANDE MARBLE LOOK PORCELAIN PANELS  
Statuario

## Net Debt-to Adjusted EBITDA Multiple



In laminate, we are leading the premium markets in Europe and the U.S. with waterproof products that have never more closely resembled natural wood and stone. These collections outperform Mother Nature by combining realistic visuals, precision embossing and moisture resistance. These technological advances extend the use of our laminate collections to kitchens and baths, and the differentiated features enhance our margins.

As the LVT category continues to grow, we have leveraged our leading-edge technology and the industry's best-known hard surface brand to deliver the Pergo Extreme premium collection. Pergo Extreme features 60 designs, including multiple species of wood, stone looks and simulated ceramic tile visuals. Pergo Extreme is beautifully designed and constructed to last a lifetime. Each plank has a solid stone-plastic composite core finished with layers of enhanced lacquer, yielding a beautiful floor that's dent-proof, pet-proof, kid-proof and waterproof. It's almost indestructible.

## ESSENTIAL NEW MARKETS

Just as we deliver product innovation in existing categories, we are supporting long-term growth by selectively entering new categories and new geographies. In Russia, we have earned the largest share of the ceramic tile market, and we are a leading supplier of laminate flooring. Sheet vinyl is a primary flooring category in Russia, and one in which we had historically performed well with exports from our European operations. To better serve the Russian market, we opened a domestic sheet vinyl plant using our industry-leading technology and European design to create products with superior visuals and durability. The plant is performing well, and we continue to improve its processes and cost position as our volume increases. We are now actively expanding our customer base to support higher production levels, and we have built an experienced sales team that is driving growth by leveraging the relationships nurtured by our other Russian businesses.

In the U.S., our quartz countertop sales continue to increase as we ramp up the productivity and throughput at our new Tennessee plant, which



we believe is the world's most technologically advanced quartz facility. Through state-of-the-art automation, we are developing more sophisticated visuals such as luxury marble looks to distinguish our manufactured quartz collections and improve our margins. Combined with our existing stone slab business and our porcelain panel manufacturing, we now offer a wide selection of countertop options for North American customers. With 43 strategically located countertop centers and relationships with many customers that offer countertops as well as flooring, we are positioned to quickly grow our share of the U.S. countertop market industry. With our countertop expansion, we now supply products for all kitchen and bath surfaces, creating a coordinated offering for residential and commercial applications.

To expand our commercial business in Europe, we have complemented our hard surface collections with carpet tile produced at our new plant in Belgium. Our U.S. commercial carpet group has provided technical expertise to ensure the facility's advanced manufacturing technology is optimized. They have also provided product development support to create collections distinguished by style and durability. To support our increasing carpet tile production, we are developing a commercial sales force that provides the European architect and design community with a comprehensive soft and hard surface offering.

The Russian sheet vinyl, U.S. quartz countertop and European carpet tile projects will continue to increase production throughout 2020, and will improve our sales and costs as we progress through the year. As our volumes and efficiencies increase, we will more fully realize the potential of these projects this year and in the future. As all of these initiatives and our LVT lines ramped up, we anticipated that they would necessarily impact our short-term results due to start-up costs. We will still incur additional sales and marketing expenses as we grow the businesses. From a long-term perspective, these operations should make the Company stronger, more diversified and more profitable.



## ESSENTIAL INVESTMENTS

While these green field investments in the U.S., Russia and Europe represent major initiatives for our business, we also continue to invest strategically to improve recent acquisitions, enhance our legacy business and reduce our costs. When we acquired Godfrey Hirst, we recognized that there was a major opportunity in the Australian and New Zealand commercial flooring market. Just as we've done in Europe, we harnessed technical acumen and design prowess from the U.S. commercial carpet business to support an investment in carpet tile production. We have introduced carpet tile collections made in the U.S. to enhance our position in the market while we construct the new carpet tile line in Australia. Similarly, in Brazil, we have added new leading-edge equipment to allow Eliane to expand its porcelain portfolio with large scale premium porcelain products. Production began in December and will help to reinforce Eliane's strong brand and export business. Just as we significantly increased Marazzi's profitability through investments in



technology and product development, we believe we can improve Eliane's operations and enhance their margins with similar strategic investments.

In Russia, we are increasing the number of our owned and franchised stores that sell directly to consumers. We anticipate having more than 400 stores operating by the end of 2020. These stores are part of our competitive distribution advantage and reinforce our position as the market's most recognized brand. With the production of porcelain slabs in Russia and our new coordinated premium sanitary ware manufacturing capabilities, our shops will offer most components for kitchen and bath construction or remodeling.

In the U.S., consumers who purchase carpet are increasingly choosing polyester products. Mohawk has invested in expanded fiber capacity to meet this growing demand. Because of our proprietary Continuum™ process, our polyester carpets are differentiated in the marketplace with enhanced softness and a deeper, more luxurious pile. The shifting preference also allows us to capitalize on our "green" manufacturing that recycles more than 6.5 billion plastic bottles into polyester carpet each year.

To reduce our costs, we have invested in vertical integration in many parts of the business. To support our sales of premium waterproof laminate, we have expanded our glue plant in Belgium, and we are increasing our U.S. HDF board capacity. In Belgium, we are also taking steps to reduce our consumption of natural resources by adding a second waste-to-fuel energy plant and increasing the recycled wood content in our panel products. These are a few

examples of hundreds of initiatives – large and small – across the enterprise that are lowering costs, improving efficiencies, increasing our commitment to sustainable manufacturing and delivering superior products.

## ESSENTIAL COMMITMENT

While our 2019 results did not meet our historical standard, we have taken many timely actions to make our business more competitive given transitory market conditions and evolving consumer preferences. We are confident that our emphasis on innovating existing products, establishing new categories and entering new geographies will meaningfully benefit our business in the years ahead. Our business possesses substantial resources that provide many options for investment, a more comprehensive product offering and a broader geographic footprint that serves as a foundation for future growth. Our outlook for 2020 remains cautious due to the spread of coronavirus and its potential impact on the global economy.

To our shareholders, customers and employees, we are grateful for your ongoing support. We are continuing to take the essential actions to improve the Company's short-term performance while fulfilling the long-term potential that our strategic investments will bring.

Sincerely,

Jeffrey S. Lorberbaum  
Chairman and Chief Executive Officer